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OFFICE OF
INSURANCE COMMISSIONER

Technical Advisory - Technical Assistance Advisory T 2000-1

January 19, 2000

Attn: All Health Carriers

Subject: New rules governing provider relations

The Office of the Insurance Commissioner has recently received inquiries regarding the "prompt pay" provisions of the Provider Contract rules (R 98-21). WAC 284-43-321 regulates contracts between a carrier and each provider. WAC 284-43-321(2)(a) sets forth the minimum standards for carrier payment of claims:

For health services provided to covered persons, a carrier shall pay providers and facilities as soon as practical but subject to the following minimum standards:

- i. Ninety-five percent of the monthly volume of clean claims shall be paid within thirty days of receipt by the responsible carrier or agent of the carrier; and
- ii. Ninety-five percent of the monthly volume of all claims shall be paid or denied within sixty days of receipt by the responsible carrier or agent of the carrier, except as agreed to in writing by the parties on a claim-by-claim basis.

This section has been misunderstood by at least one party to mean that carriers must only pay ninety-five percent of all of the clean claims received by the *carrier* within thirty days and pay or deny all claims received by the *carrier* within sixty days. This is not the case. The rule references "providers and facilities." That reference and the context of the rule clearly indicate that the standards must be applied to the claims of each provider. The volume referred to in the rule is the monthly volume of each *provider's* claims to a carrier, not the total of all of the carrier's claims from all providers. Carriers have a duty to pay claims from each provider and to act in good faith toward each provider. Carriers are held to the standards of WAC 284-43-321 of paying ninety-five percent of each provider's clean claims within thirty days of receipt and ninety-five percent of all claims from each provider within sixty days.

The "carrier claim" interpretation also clearly conflicts with the language, context, and intent of the rule. Implementation would lead to absurd results. For example, it would allow the possibility of a carrier's paying none of a certain provider's claims if it met the ninety-five percent target overall throughout its provider network. Additionally, there would be significant issues of proof on whether the carrier was actually meeting the correct standard.